




IMPROVING E-RATE OVERSIGHT

September 10, 2007

Voice | Data | Internet | Wireless | Entertainment

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VoIP



Interconnected Voice over Internet Protocol (VoIP) must comply with the rules and orders of the Federal Communications Commission (FCC) in order to receive support under the ESL. In addition, the Commission should also clearly state wherever it defines VoIP services (including, but not limited to the boxes on pages 2 and 33) that providers of such services must comply with all of the Commission's applicable precedent in order to receive support under the Schools and Libraries mechanism

- ▶ This will refer to, among other things, rules regarding Communications Assistance for Law Enforcement Authorities (CALEA),
- ▶ Customer Network Proprietary Information (CPNI),
- ▶ enhanced emergency calling (E911),
- ▶ telecommunications relay service (TRS), and
- ▶ contributions to the federal universal service fund (USF).

Certification



- ▶ Upfront certification increases awareness, thereby reducing both mistakes and violations. It also reduces enforcement costs for USAC, and provides an additional remedy.
- ▶ All E-rate service provider that are telecom eligible and are seeking funding for state or federal regulated services should have to certify to USAC that they hold all necessary state or federal certifications.
- ▶ All E-rate service providers that are telecom eligible should be required to have federal certification with the FCC including a current 499(a) and 499(q).
- ▶ All E-rate service providers should have annual USAC certification in the form of a completed 473 before participating in the bidding process. Currently the requirement is that the 473 does not have to be filed until the disbursement phase.

USAC Transparency



- ▶ It is difficult to determine how many are active participants in the program because the certification website is not up to date.
- ▶ There are 3,881 Telecom service providers registered with USAC.
- ▶ When an applicant searches USAC's service provider website to ensure that a service providers is legitimate and actively participating in the e-rate program, the applicant can only view:
 - the service provider's name,
 - address,
 - telephone number,
 - if the applicant is an eligible telecom service provider (denoted by a Y) , and
 - if the service provider has filed its annual SPAC (note that a Y can still be denoted even if the SPAC was not timely filed).
- ▶ This lack of transparency makes it difficult to compete on a equal basis.

USAC Transparency



SPIN	Service Provider Name	Contact Name	Contact Address	Contact Phone	Eligible Telecomm Provider	SPAC Filed
143000025	Time Warner Telecom of Hawaii, LP	Rachael C Clyde	10475 Park Meadow Drive , Littleton, CO 80124	303566-1585	Y	1998 2000 2001 2002 2003 2004 2005 2006
143024639	Time Warner Telecom of Idaho, LLC	Rachael C Clyde	10475 Park Meadows Drive , Littleton, CO 80124	303566-1585	Y	2002 2003 2004 2005 2006
143024931	Time Warner Telecom of Illinois, LLC	Rachael C Clyde	10475 Park Meadows Drive , Littleton, CO 80124	303566-1585		2002 2003 2004 2005 2006
143000061	Time Warner Telecom of Indiana, L.P.	Rachael C Clyde	10475 Park Meadows Drive , Littleton, CO 80124	303566-1585	Y	1998 2000 2001 2002 2003 2004 2005 2006
143000079	Time Warner Telecom of Mid South LLC	Rachael C Clyde	10475 Park Medows Drive , Littleton, CO 80124	303566-1585	Y	1998 2000 2001 2002 2003 2004 2005 2006



USAC Transparency

- ▶ In addition to what is currently displayed in USAC's Service Provider website, applicants should have the ability to specifically view within USAC's website before the bidding process if a Service Provider has met all necessary certifications such as:
 - State and Federal Certifications
 - Federal USF compliance such as a Form 499(a) or 499(q)
 - Current USAC Certifications such as the form 473 (SPAC)

USAC Transparency



SPIN	Service Provider Name	Contact Name	Contact Address	Contact Phone	Eligible Telecomm Provider	SPAC Filed	States Certification	FCC Certification
143005250	Embarq Missouri, Inc.	Doris M Roman	151 Southhall Ln FLMTDD0401-4128, Maitland, FL 32751-7176	877231-3850	Y	1998 1999 2000 2001 2002 2003 2004 2005 2006 2007	Listed under Holding Company Embarq Corporation Florida Indiana Kansas Minnesota Missouri Nebraska Nevada New Jersey North Carolina Ohio Oregon Pennsylvania South Carolina Tennessee Texas Virginia Washington Wyoming	499 Filer ID Number: 822076 Registration Current as of: 4/2/2007



USAC Transparency

“Note to Applicants: Please check the address information to ensure you are contacting the correct Service Provider.

The absence of a "Y" in the Eligible Telecomm Provider column may simply indicate that the company has not yet been researched by the SLD to determine if it is eligible to provide telecommunications services. Applicants are reminded that they should confirm this and all other information with their Service Provider.”

[insert from http://www.sl.universalservice.org/Forms/SPIN_Contact_Display.asp]

That USAC should eliminate the above language in its SPIN and BEAR Contact Search Results:

- All Service Providers should be certified by USAC prior to being listed in its SPIN and BEAR Contact website; if the provider is non-telecom this should be specifically noted.
- An applicant should not be required to ensure that a service provider is qualified by asking the service provider. Instead, USAC should provide to the applicant via its website a checklist of all necessary registrations and certifications of the service providers.

Contributions

- ▶ In paragraph 57 of the Commission's August 29th Report and Order (FCC 07-150) the Commission states that USAC must develop better performance measures regarding:

- ☐ administrative costs,
- ☐ number of USF contributors,
- ☐ delinquent contributors,
- ☐ amount of contributions to USF
- ☐ and amount of disbursements.



Contributions

- ▶ All telecom service providers participating in the E-rate program should be required to complete and file with the FCC the form 499a on an annual basis and the 499q on a quarterly basis.
- ▶ If the service provider has been deemed a telecom service provider by USAC, it should be required to be listed in Appendix M05 of the USAC annual and quarterly contributions report.
- ▶ Further, a telecom service provider with de-minimus revenue for contributions should still be listed (with an appropriate delimiter) in Appendix M05 of the USAC contributions reports.
- ▶ In sum, all 3,881 service providers that are deemed telecom service providers by USAC should be identified as contributors or non-contributors in Appendix M05 of USAC's quarterly contributions report.



Competitive Bidding Impropriety

- ▶ School District employees or School Board members should not be allowed to participate (other than in a limited advisory role) on any board of any type of telecom, internet access or internal connections service provider that participates in the E-rate program in the same state.
- ▶ USAC should also require that consultants participating in the E-rate program certify that they are not affiliated in any way with service providers.



Internet Access Usage

- ▶ It has been suggested that the Commission include in the 2008 ESL the language found in the 2006 ESL (p. 21-22) that said, “Internet Access”, regardless of technology platform, is eligible for discount.
- ▶ While that may be true, the Commission must be sure that “internet access” technology platforms that meet the definition of a telecommunications service may only be provided by a certified telecommunications service provider.
- ▶ Stated another way, the fact that a platform is used to access the Internet, among other things, cannot be allowed to “cure” the unauthorized provision of a telecommunications service.

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The End